

Message Text

CONFIDENTIAL

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ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 EB-03 L-02 CIAE-00 INR-10 NSAE-00

RSC-01 PRS-01 CIEP-01 NSC-10 NSCE-00 FEA-02 TRSE-00

FRB-01 INT-01 SPC-01 NEA-07 AF-05 COME-00 OMB-01

AID-10 DRC-01 /082 W

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R 251841Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7424

INFO USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 01185

LIMDIS

STATE ALSO FOR T/IEP: TREASURY: FRB

E.O. 11652: XGDS-1

TAGS: ENRG, ECON, OECD, UK

SUBJECT: ENERGY: BACKGROUND ON U.K. TREASURY DENIAL OF
OECD FORECAST OF DECLINE IN GNP

REF: OECD 1782; OECD 1530

1. ON CONFIDENTIAL BASIS, WE ARE TOLD BACKGROUND OF
U.K. DENIAL IS AS FOLLOWS: WHEN OECD ESTIMATES WERE
RELEASED OR LEAKED TO THE PRESS IN PARIS, REPORTERS
CALLED U.K. TREASURY PRESS OFFICER PETER MIDDLETON AT
HOME AROUND MIDNIGHT AND ASKED IF U.K. TREASURY AGREED
WITH THE OECD ESTIMATES. MIDDLETON HAS RECENTLY BEEN
UNDER HEAVY PRESSURE WITH ECONOMIC CRISIS HERE; HIS
IMMEDIATE AND PROBABLY ASCERBIC RESPONSE WAS TO LABEL
THE OECD REPORT "NONSENSE." SOURCE INDICATED THAT
MIDDLETON MIGHT HAVE REACTED IN A MORE BALANCED WAY,
STATING THAT THE FORECASTS WERE MADE BY THE OECD AND
THAT THE U.K. DID NOT NECESSARILY SUBSCRIBE TO THEM.

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2. OUR SOURCE NOTES THAT OECD FORECAST IS A SHORT-TERM ONE BASED ON ASSUMPTIONS THAT THE SHORT I.E., 3-DAY WORKING WEEK WILL CONTINUE UNTIL FEBRUARY 28. U.K. TREASURY STILL DOES NOT HAVE ITS OWN ESTIMATE OF THE EFFECTS OF THE SHORT WORK WEEK. OECD ESTIMATE COULD BE EXCESSIVE. ON THE OTHER HAND, IF 3-DAY WORKING WEEK CONTINUES THERE COULD BE A HEAVY AND ACCUMULATIVE NEGATIVE EFFECT. U.K. TREASURY CLAIMS NOT TO KNOW WHAT THE OUTCOME WILL BE. INFORMALLY, IT CONSIDERS THAT OECD'S ESTIMATE COULD BE CORRECT BUT ALSO COULD BE EXCESSIVELY PESSIMISTIC. EMBASSY'S OWN ASSESSMENT INCLUDED IN LONDON 949.

3. PLEASE TREAT PARA 1 AS NOFORN, EVEN TO U.K. CONTACTS.

ANNENBERG

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Message Attributes

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